**mHUB Accelerated Incubation**

*Frequently Asked Questions*

**What is mHUB?**

Launched in 2017, mHUB is the largest and fastest growing physical product innovation center in the U.S. Its mission is to accelerate industry growth by cultivating a community of collaboration and connectivity between innovators, entrepreneurs and manufacturers. In its first three years our startups have raised more than $147M in lifetime funding, have generated more than $100M in revenue, hired more than 1,328 employees and launched more than 937 products. You can find more about our member startups [here.](https://mhubchicago.com/blog/31456)

**Where is mHUB located?**

mHUB is located in the West Town neighborhood in Chicago at 965 W. Chicago Ave. This historic industrial corridor has deep roots in manufacturing and has been home to leaders in industry including Motorola Mobility, Milwaukee Iron and Metal Company, Werner Piano, and more. To learn more about the building, the neighborhood, or to schedule a tour, visit [mHUBChicago.com](https://mhubchicago.com/).

**What capabilities does mHUB have?**

mHUB is an innovation ecosystem focused on physical products. Our 63,000 square-foot facility contains multiple fabrication labs, including electronics, plastic fabrication, metals, textiles and rapid prototyping, as well as a micro-factory for small production runs.

Beyond the fabrication labs, mHUB offers a mentorship program designed to connect entrepreneurs with business and industry leaders, technical training and a robust 50+ course entrepreneurial curriculum curated for every stage of the product development journey and business building. Its flagship entrepreneurial product design workshops are even used by regional corporates.

**What is expected of teams during the mHUB Accelerated Incubation program?**

mHUB Accelerated Incubation will be fast-paced and designed to bring startups from concept or prototype to the foundation of a profitable, scalable and sustainable business in six months. mHUB expects that teams not only bring ingenuity and a strong work ethic, but also a collaborative spirit, an openness to listen and a willingness to learn. mHUB expects teams to come out of the program with a product and business ready to present to investors, customers, and corporate partners.

**What is the focus of the Accelerator program?**

The mHUB accelerator program will focus on three main areas that are interwoven and revisited iteratively. The first focus is on customer development and validating a startups’ hypothesis. It answers the question of who the customer is, and what problem the startup is trying to solve. The second focus area is all about product feasibility; what is the solution to that problem and validating that solution with your customers through experimentation and prototyping. The third focal area consists of monetizing your solution; what is the business model and what is your go to market strategy. At the end of our six months on-site program you will be demonstrating and pitching your business to mHUB’s stakeholders and possible investors. Actually, you will be pitching throughout the program to become an expert storyteller.

**What happens at the end of the program?**

At the end of the six-month program you will be pitching your startup business to investors and our broader community. At this time and if interested in your business proposition, our corporate partners might have turned some of their sponsorship money into equity through convertible notes. Investors in our Product Impact Fund can take this opportunity to participate in a seed investment round. Additionally, selected startups will have the opportunity to run a customer pilot program with one of our invested corporate partners. All this depends on you successfully formulating and demonstrating your business proposition. At the end of the program we don’t drop you, your team will still be members of the mHUB community for the following 18 months, which includes workspace, shop equipment, classes, mentorship, events, etc.

**Am I expected to stay in Chicago after the program ends?**

You are not required to stay in Chicago after the program ends, although, we find that many of our current mHUB startups do stay local after graduating from mHUB (remember you get an additional 18 months of membership). If you stay, you can continue to engage with the cohort’s corporate partners and mentors as well as the mHUB members and alumni. We will provide the infrastructure and resources to help you continue to grow and refine your business.

**Who are the most notable mHUB companies?**

Though the Industrial Internet of Things cohort will be the first of the program, mHUB has a proven track record of supporting product-based startups through its first three years as an incubator. Our startups have raised more than $147M in lifetime funding, have generated more than $100M in revenue, hired more than 1,328 employees and launched more than 937 products.

**How do you choose which companies are able to participate?**

We have developed a holistic selection process and a diverse selection committee designed to select the most promising teams based on program fit and alignment with our criteria. Our selection criteria include; focus on our corporate partners’ provided problem statements, the market potential of the proposed solutions, the experience, commitment and passion of the founding team, the current capital structure of the startup, and the overall business strategy. The selection process will comprise several rounds; an initial round is based on the completeness of the application, an in-depth review is based on an holistic scoring of the above selection criteria, and finally an in-person interview takes place where the product and business model as well as team coachability, passion and commitment are assessed.

**Is my company too far along to apply? What if we have already received funding?**

We accept applications that cover a broad spectrum of development; your product or solution can be in the concept phase, in prototyping phase, in initial commercial pilot or in market. We know that the physical product development process can be capital intensive, so we do not discount any startup who has already taken necessary amounts of funding. As long as you fall within the pre-seed and seed classification, we welcome you to apply!

**We don’t really need the money. Does it still make sense to apply?**

Absolutely. While the capital invested is a large benefit of the program, a majority of the true value comes from access to mHUB’s industry-leading resources, mentorship, entrepreneurial and technical training, mHUB’s startup community, and connection to industry-leading stakeholders who are willing and interested customers. Key features highlighted by our current members and alumni are peer learning amongst startups (you are in it together), access to a broad prototyping environment and access to our broad ecosystem.

**How do I know if my company is a physical product/hardtech company?**

“Physical product” is a broad term, but we like to say it is best defined as any physical good you can manufacture. Although, we understand that many physical product companies also have a digital side to them. As long as your company has exposure to the physical side, we welcome you to apply.

**Does the mHUB Product Impact Fund anticipate making follow-on investments?**

Yes, the fund is structured to make follow-on investments in 8 to 12 companies with check sizes ranging from $300K to $750K. These investments will require an additional institutional investor or established firm to lead and price the funding round. In addition, the Product Impact Fund Limited Partners will seek direct and co-investment opportunities.

**What if we need more money than the cash provided by the Accelerator before the program ends?**

Throughout the program, we will help make connections to investment partners within our ecosystem to help you meet your funding needs. Our stakeholders (corporate partners and investors) will witness firsthand your progress during the program through intermediate prototype demonstrations and pitch competitions.

**How is Accelerated Incubation different from other Accelerators?**

mHUB Accelerated Incubation is a 6-month deep dive incubation taking place in Chicago, the heart of U.S. manufacturing and engineering ingenuity. We believe our program is unique because of our 360-degree incubation model that focuses on the engineering, design and manufacturing of a physical product, along with building the startup teams’ business and leadership capacity. In addition, each accelerator cohort is demand-driven with direct access to corporate partners who will actively engage with teams to build customer relationships and pilot opportunities. And, mHUB’s ever-growing manufacturing ecosystem offers connections to a robust network of industry experts, investors, mentors, manufacturers, suppliers and more.

**What is the role of corporate partners in the program?**

Corporate partners are an integral part of the accelerator program. They assist in defining marketing opportunity, supporting the review and selection process, act as mentors, providing funding support to cover some program expenses, making additional investment in the companies and providing pilot opportunities. In addition, they will provide marketing support to help us generate strong visibility for the program and teams.

**When will participating corporate partners deploy their initial investments and what will be the terms?**

Each corporate partner will deploy a minimum of $115K in additional investments per cohort via a convertible note. These investments will occur at the mid-check point / product market fit pitch competition. The terms for the convertible notes: 80% discount rate, 4% APR with debt converting at Series A funding or acquisition.

**Can you explain the Cap table?**

The $75K is the only contribution that will appear on your cap table and with that, an imputed post-money valuation of $1.5M. The additional direct value of $57K will not be included. This is a strategic decision to keep the valuation on your cap table low. With both the cash and the cash-equivalent contribution, there would be a post money valuation of $2.6M. Accounting for the entire value of the mHUB organization, its resources and network that will be deployed, would significantly increase the valuation.

**What is your policy on intellectual property protection?**

See our [Privacy Policy](https://mhubchicago.com/privacy) for more information.

**How many companies will you accept into the cohort?**

We expect to accept 8 to 10 companies per cohort.

**What if my company (or product) qualifies for numerous cohorts?**

We welcome you to apply to multiple cohorts if the theme fits your product. If selected to participate, you will join the cohort that our selection committee feels best fits your product and expertise.

**What can I expect from the Pitch Events?**

PRODUCT MARKET FIT

This event will focus on the teams’ progress within the first three months focused on the Discovery phase and the beginning of the Design phase. The audience will include peers, contractors, LPs and corporate partners.

INVESTOR PITCH / DEMO DAY

This event will be the culmination of the accelerator program. The pitches will be holistic and focused on capturing additional customers and attracting follow-on investment. The audience will include the public, VCs, angels, LPs and industry partners.

**How far along should my product be in the development process?**

We accept applications that cover a broad spectrum of development; your product or solution can be in the concept phase, in prototyping phase or already in an initial commercial pilot. Regardless of your status all startups will follow thorough customer validation through hypothesis and assumption testing followed by multiple experiments towards building their Minimal Viable Product. Once product – market fit is obtained, the best business model and go to market strategy will be developed to build a profitable, scalable and sustainable business. We understand that startups may be in different states along this journey, but we want to validate and confirm each step. For some startups this might be a confirmation of assumptions, for others newly gained insights might require some pivoting.

**How much money and services will I get when accepted to the program?**

When accepted to the program you will receive a cash investment of $75,000 as a discretionary fund. You will also receive an equivalent of $57,000 in mHUB services such as workshops, training, mentoring, manufacturing services and more. You will receive this investment and services in return for an equity stake of 5% in your startup.

Additionally, our corporate partners can further invest in equity of selected startups through convertible notes as part of their sponsorship.